The Clear Road to a New Life®

DIVORCE AND YOUR FINANCES

If you find yourself going through a relationship breakdown, coping with the emotional aspects is just one step in a long journey. There are also many legal and financial issues that need to be addressed. If you have children, parenting plans will have to be worked out. Financial support for you, your children or your spouse must also be considered and the division of property needs to be settled.

Managing your finances can be challenging. However, it is often the decisions that you make, or don't make, during transitional periods in your life that will have the most impact on your overall financial picture.

1. Make a List of Your Assets and Liabilities

The first step you should take is to organize your financial affairs to determine your assets and liabilities. By knowing your financial positions, you can gain some insight into your net worth to begin negotiations.

Some of the information you should gather includes:

- Birth and marriage certificates
- Will and power of attorney documents
- Marriage contracts/domestic agreements
- Title deeds to your home and any other property you own
- Ownership records for your motor vehicles
- Investment account statements
- Tax returns and notices of assessments for you and your partner for the past three years
- Registered Retirement Savings Plans (RRSPs)
- Registered Retirement Income Funds (RRIFs)
- Locked-In Retirement Accounts (LIRAs)
- All insurance policies (such as home, auto and life)
- Stock option plan statements
- Shareholder/partnership agreements
- Company pension statements
- DPP information statements
- Current bank account statements
- Current credit card statements
- Most recent mortgage statements
- Promissory notes or evidence of family loans
- Current statements of all other outstanding loans
- Corporate financial statements if applicable

.During divorce negotiations, you will need to know what sources of income you will receive to support yourself and any dependents. Sources of income can include employment income, interim spousal and/or child support, income from you investments, and income from retirement vehicles like you RRSP and RRIF.

3. Establish Your Own Credit

If you have never had a credit card in your own name, consider applying for one. You may want to do this even before deciding whether or not to separate. Once you have established your own credit, you should think about when you should close all joint credit card accounts.

You should also contemplate getting a line of credit in case you have a temporary need for cash while your financial affairs are being settled. The interest charges associated with a line of credit are generally much lower than credit cards. In addition, you should notify all other known creditors (such as your mortgage representative or bank loan officer) of your change in marital status. If possible, you should ensure that your spouse cannot further bind you to any new debt.

4. Open Your Own Bank Account

If you do not have a bank account in your own name, you may want to open one. Once you have your own bank account, consider closing any joint accounts shared with your partner. If any joint accounts need to remain open, ask that both signatures be required before any transactions are made. You should also think about revoking any bank powers of attorney that you have given in favor of your partner.

5. Notify Your Financial Advisors of Your Status

If you hold any investment accounts in joint names with your spouse, make sure you notify your financial advisors of your status. You may want to rescind any trading authorization granted to your spouse.

Contact Information

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Fairway Divorce Solutions®